659 798 schools. Teachers who openly attended churches were summarily dismissed.

[771] In spite of all these restrictions and threats, churches are well attended, especially in rural areas. Churchgoers are mostly women and people not connected with government offices and concerns, less dependent on the bureaucracy. Intellectuals and officials travel to distant places where they are not known personally to attend Mass or for confession. Rural churches, further from cities or where only small MGB-MVD garrisons are stationed, draw the largest attendance.

Religious processions on streets were not banned officially but few people dared to show themselves publicly and face the jeers of the armed blaspheming Russians and a few native traitors. The clergy discouraged public processions exposing the faithful to unnecessary persecution.

[585] Marriages are registered by local Executive Committees. Those who so desire may go through a religious ceremony but a religious ceremony is not recognized by the authorities. Marriages contracted prior to the Russian invasion were not questioned, however.

Several small Protestant congregations are still in existence in the Klaipėda District, but most of the Protestant churches were shut down and converted to other use for lack of communicants. The Calvinist churches of Biržai and Prienai were turned into military horse stables. Protestants are more or less tolerated, because the Protestant Church offers no problem to the occupant.

The pre-war Russian settlers, natives of Lithuania, regularly attend the MVD-dominated Orthodox churches. The new settlers go to churches occasionally out of curiosity.

Since the end of 1947, persons exhibiting religious icons and crucifixes in their homes came under persecution. Religious pictures and statuettes found in homes by the armed searching parties infuriate the Russians and their stooges. Religious objects are smashed, bayoneted, spat upon and trampled by the puny "masters of the world" raging against their Creator.

[65] Living quarters of the pastors—"cult servants"—were requisitioned by the housing authorities and a small nook was assigned to priests. Churches are assessed with exorbitant taxes. Complaints are answered: "If you can't meet state obligations—close up shop." The faithful exerted every effort to contribute the necessary funds and in most cases the tax levies were met. Thereupon the Russians demanded lists of contributors. The pastors answered that they did not list plate contributors—and were arrested and threatened with prosecution for "failure to account from public funds." A number of churches were unable to meet the levies, as all of the people are burdened with excessive taxes, requisitions and perennial "voluntarily assumed contributions to the state" imposed by the armed militiamen.

000 It is not known whether, since comrade Gailevičius claimed all churches as "cultural monuments" subject to his custody, churches would be taxed—that is, churches left "operating."

A church is the only place where a tortured people could find spiritual solace and escape from the blaring loudspeakers and mad ravings of the Russian oppressor.

Mockery by Soviet Embassy in Washington

000 The *USSR Information Bulletin* of the Soviet Embassy in Washington in its issue of 25 February 1949 carries a questionable "Interview with Catholic Priest." Father "Kasimir Kulakas, Dean of the Trakai diocese," was said to have been interviewed by one Josas Bulota (should be Juozas Bulota).

This tendentious compilation of lies was obviously written by a Russian ignorant of Catholic terminology and the geography of Lithuania.

It begins with the statement that in the "diocese" of the Rev. Kulakas the parishioners "attend services in 11 Catholic churches." In 1940, the Lithuanian section of the Archdiocese of Vilnius, embracing Trakai, had 185 Catholic churches, plus 7 of the Eastern rite.

The claim that "religion is not taught in the schools, but priests may give religious teaching to children outside school" is far from the truth, as the situation in the Vilnius Archdiocese (lately administered by the Rev. Kačergis) does not differ from that in any other part of the country—as told in the preceding columns.

The alleged "interview" attributes to the Rev. Kulakas a vague statement that "the number of priests in my diocese in proportion to the number of parishioners, is sufficient—they are no fewer than in pre-Soviet times."—With more than one-third of the Catholic population of the Vilnius diocese deported and all the priests of Polish nationality repatriated to Poland—the Russians would make us believe that there "are no fewer than in pre-Soviet times" and that the number of priests is "sufficient," for the time being, 794 in the view of the MVD. . . . There had been 192 parish churches and 312 priests in the Archdiocese of Vilnius in 1940—compared with the 11 churches indicated by the Soviet Embassy in February 1949. . . .

The statement that "a total of 150 clergymen is studying at Kaunas Theological Seminary at present" —is sheer fiction, as the seminary was forcibly shut down in 1948. The professors enumerated in the article—are all in prisons or in Siberia since 1947.

"Priests in Soviet Lithuania pay an income tax on the same conditions as the members of the professions, such as doctors, artists and lawyers. No one may tax a priest more than the law provides."—But there are no free professions under the Soviet rule! Doctors and artists are on state payrolls, and former lawyers are cutting timber in Siberia or digging mines in the Arctic, inasmuch as the MVD provides its own "investigators" from six-month classes where no legal training is ● 651 given. Churches are taxed 40,000 to 160,000 rubles—while workers earn not more than 450 rubles monthly. . . . As for the Soviet "law"—Soviet officials follow the Mandarine rule: the sky is the limit—and Stalin lives far away. . . .

"The clergy can be prosecuted for anti-State activities under the laws that apply to all other citizens, but there has never been an instance in which a priest was prosecuted for his profession, nor for carrying out his duties as his calling requires." — But no statistics were given pertinent to prosecution "for anti-State activities" as of to date. Numerous NKVD files brought out by a number of Lithuanian Catholic priests imprisoned and tortured for nothing but their priesthood—are now available in the United States. . . .

6a

[423] tens and personal property owned by institutions and organizations of a religious character were sequestered. In nationalizing land, parishes were given only 3 hectares—although other landlords retained 50 hectares. Buildings owned by parishes and bishoprics, including episcopal residences and seminaries, libraries, printing shops, printed stocks of books were confiscated. Denominational grammar schools, high schools, orphanages, kindergartens and hospitals were converted into state institutions. The stocks of missals, hymnals, prayer-books, rosaries, religious pictures, and other religious articles found stored in book shops and retail stores were desecrated or destroyed.

The Soviets considered the clergy a separate "caste," antagonistic to the proletariat and, therefore, to be eliminated. The clergy as well as independent farmers (called '*kulaks*'), were oppressed economically; priests and "cult servants" were heavily taxed. For instance, a tolerated "proletarian" with a monthly income of 200 rubles paid 30 rubles monthly for living space assigned to him, while "cult servants" of the same income class paid 220 rubles monthly, and those with incomes of 350 rubles paid 388 rubles.

The Communist Party proposed to levy excessive license fees on churches, similar to motion picture house and cabaret assessments. The taxes depended on the size of the church. Such taxes were already imposed in the sections of Poland annexed to Russia—20,000 to 50,000 rubles. A commissar explained the policy to a pastor of a Lithuanian parish in eastern Lithuania which was annexed by Russia in 1939: "If you can't pay—close down your shop." Consequently, the churches were to be closed by degrees for nonpayment of taxes.

The Party also passed a decision to convert the centrally located Garrison Church of Kaunas into a "Revolutionary Museum." The Museum of Church Art was liquidated and its exhibits, the antique vestments, were used by Red Army troopers to polish their boots.

All that was public anti-religious action. The other phase, shrouded in secrecy, was directed against individual members of the clergy.

The Party instructed its agents to disrupt the internal discipline of churchmen, to enlist agent-informers among the clergymen, to antagonize priests against each other or to compromise them. NKGB Major Gladkov issued a secret directive dated 21 October 1940, directed to all county security chiefs, to institute unbroken surveillance of priests, church employees, friars and nuns, and to enlist students of upper classes for espionage on the private lives of the clergymen. "Remember that some of the priests are not provided for materially and are wavering in their ideological outlook." The secret order of 21 January 1941 directed particular attention to individual discontent and antagonism among members of religious organizations: advantage should be taken of such incidents to disrupt the organizations.

After digesting the reports of weakness exhibited by some individual priests, People's Commissar of Justice, Pranas Pakarklis, a native traitor, offered attractive offices to a number of priests, on condition that

795 661 798 ing Holy Mass. With his hands tied behind his back, he was pushed into an auto, driven to the railroad station, and placed on board a train.

Bishop Matulionis was arrested in mid-December 1946. The old martyr bore himself with dignity and firmness. To warnings by well-wishers he replied: "I know the bolsheviks." He had ordained some divinity graduates December 9 and 12th, and appeared very weak. He was arrested a few days later for having issued a pastoral letter warning against the wiles of Komsomol.

Arrests of the clergy are more numerous after several visits to "Prime Minister" Gedvila to protest against limiting the number of divinity students to 150. The seminary's building is being requisitioned: its quarters in Marian Fathers' Charity Church are being turned over to Nurses School.

A favorite Russian method is to promote dissension. When Rev. Nagulevičius, pastor of Obeliai, was arrested, the NKDV lodged a suspended priest in the rectory. This "pastor" refused to admit the priest appointed by the bishop. The Chancellor of the diocese arrived to settle the matter, but the NKVD "pastor" refused to obey. When the Chancellor visited comrade Gailevičius, Adviser on Cult Affairs in Vilnius, the latter said: "At present the people rule. This is apparently the people's will, and we cannot help in this matter."

The NKVD is attempting to install its own "priests" and, eventually, to have a Church administration subservient to the NKVD. Thus far, only one apostate is known.

No priests are admitted to the Klaipėda-Memel District.

[794] Congregations are being evicted from their quarters although, officially, the monasteries are not banned. St. Casimir's Sisters are still in possession at Pažaislis, and the Franciscan Fathers are still left in Kretinga.

● [651] Priests and Church property are heavily taxed. For instance, the Cathedral of Kaunas must pay 46,000 rubles, the Cathedral of Panevėžys 40,000, the small Church of St. Nicholas in Vilnius dating back to the 14th century, is taxed 16,000 rubles. The late Mgr. Jokubauskas, administrator of the Bishopric of Kaunas who died in February 1947, was taxed 20,000 rubles. The figures become significant when it is realized that an average laborer earns 200 rubles a month.

Sidelights of Anti-Religious Drive

659 626 798 Religious practice is permitted inside the church only: Stalin's constitution grants "freedom of belief" and warrants the liberty of anti-religious propaganda. No religious texts, not even prayerbooks, are permitted to be published—"paper shortage" . . . On the other hand millions of vile pamphlets are printed.

Once more, uniformed sentinels and agents in mufti are ostentatiously posted at church doors. They look over every face and scribble notes in the "blocnotes." [558] Attendance in church means dismissal from a responsible post in the government. Teachers attending religious services are denounced in the press as "persons of low morality." A high school director inquired of

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

Though wheat is mankind's most popular cereal food, rye is the first choice in Lithuania. Only about 8 percent of all the arable land is utilized for wheat, while 19 percent of the land is devoted to the growing of rye. Another of the world's largest crops—corn (maize)—is not grown in Lithuania. The same is true of rice. The more popular grain crops, besides rye, are oats, barley, and wheat. Most favored of root crops in Lithuania are the potato and various species of root vegetables. The sugar beet, entirely unknown before the World War, is now quite popular and is grown in sufficient quantities to supply three sugar refineries. Of the fibers, flax is the only one that is widely grown. Hemp is also produced, but in small quantities and only for the consumption of farmers themselves, who use the fiber for ropes and the seeds for several kinds of food.

Another important branch of the agriculture of Lithuania is livestock breeding, which has been vastly improved and extended since the World War.

Economic reconstruction after the World War was not as general among agricultural countries as it might at first appear. Timoshenko points out several unfavorable factors.[5] First of all, the prices of agricultural commodities began to decline early in the period of prosperity. This affected the purchasing power of agricultural and raw-material producing countries. Another adverse factor was the reëstablishment of a system of agricultural protection in the industrial countries of Europe. Cereal production was given less tariff protection during the earlier post-war period than before the war. In some countries of central Europe, including Germany, tariff protection of grain products was completely discontinued during the first post-war years.

[5] Vladimir P. Timoshenko, *World Agriculture and Depression*, Michigan Business Studies, Vol. V, No. 5, University of Michigan, 1933, pp. 541–663.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

extent that these farmers produced various kinds of agricultural products, they usually concentrated more specially on one branch of farming, such as dairying or grain raising. About 100,000 farms belonged to this group.

Farms exceeding 70 acres belonged to the third group and stood highest in independent Lithuania from the point of view of the quality and quantity of their products. There were about 27,000 farms in this group. It was mainly this and the second group which supplied the bulk of agricultural products for export. It was also this third group and to a degree the second which first felt the ruin of Sovietization. Most of the farms in the third group were reduced to not more than 74 acres so that the farming inventory and buildings were not suitable to the smaller parcels of land. A substantial part of them was converted into government farms (*sovkhoz*). At the same time pressure was put on the second group by imposing exorbitant taxes in order to make it disintegrate as rapidly as possible.

Taking into consideration the area of land utilized by each group, it might be deduced that in normal times the first group produced 20 percent of the entire amount sold on the market, while the second and third groups produced the remaining 80 percent, or 40 percent each. From this it would appear that the capacity of agricultural production in Lithuania during the Soviet Russian occupation dropped at least 40 percent.

When the Germans occupied Lithuania in June, 1941, they found the Bolshevik-introduced system convenient to some extent for the expropriation of the country economically. They restored the system of private ownership, but had not returned, up to the end of 1941, farms to the original owners. Even those farmers who were left managers of their small

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

474 ganization for the distribution of goods in markets and will abolish speculation among certain merchants who raise the prices spuriously by storing goods and not releasing them to the markets.[17]

It must be remembered that this opinion was expressed shortly after the war, when the great shortage of goods was felt everywhere.

474 In addition, a special Department of Coöperation was
647 created as part of the Ministry of Commerce and Industry. Although the government encouraged coöperation, it did not interfere with sound private initiative, particularly in later years, when the post-war conditions were more settled. In 1920 the Department of Coöperation was abolished because coöperation in Lithuania became so strong that it no longer required any special attention from the government.

474 Before Soviet occupation in 1940 most of the coöperative
651 establishments enjoyed tax exemption privileges. According to the Commerce, Industry, Credit, and Trade Profit Taxation Law,[18] the following coöperative establishments were to be free from profit taxes:

1. Consumers' coöperative societies whose capital did not exceed 50,000 litas.
2. All credit and agricultural coöperative societies.
3. All kinds of coöperative unions.
4. All those coöperative societies which did business exclusively among their members, even though their capital was in excess of 50,000 litas.

Undoubtedly those exceptions placed coöperative establishments in a somewhat privileged position in the competitive field as compared with private enterprises.

[17] Salcius, *op. cit.*, p. 203.
[18] V.Z., Nr. 168.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

438 in 1921, 4,011; in 1922, 4,933; in 1923, 5,402; in 1924, 5,-
433 419; in 1925, 5,941; in 1926, 5,164; in 1927, 5,437; in 1928, 5,742; in 1929, 6,010; in 1930, 5,842; in 1931, 5,796; in 1932, 5,735; in 1933, 5,451; in 1934, 5,710; in 1935, 12,-067; in 1936, 14,750; in 1937, 15,214; in 1938, 15,717; and in 1939, 16,131.[3]

[651] The sudden rise of the number of industrial establishments registered in 1935 and the subsequent years is the result of the extension of the License Tax in that year to even the smallest establishments. The new ruling required that a license be taken out even by concerns with only a single employee. Thus the figures of 1935 and later are not wholly comparable with the previous ones; nevertheless they reflect
[463] the rise of industry in Lithuania. A more detailed picture of the development of industry may be obtained from Table 32, which shows that the largest number, over 20 percent, of wage earners are employed in the textile industry. The food and luxury goods industries, which in 1937 held third position with 5,195 employees, advanced to second place in 1938, with 6,150 workers. The third place in 1938 was held by the timber industry, with 4,852 workers, having enjoyed during the previous year an all-time peak in its record of employment. Fourth place, according to the number of workers employed, belongs to the clay products and stone industry; after it come the metals and machinery industry and the clothing and footwear industry.

When the value of industrial production is taken into consideration we get a very different picture of the situation, with the food and luxury industry in first place, accounting for over 41 percent of the total value of the industrial production of Lithuania. Next follow the textile

[3] C.S.B., 1938 and 1939, p. 186 and p. 194 respectively.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

438 industry with 14.9 percent, the timber industry—9.1 per-
433 cent, and the paper and printing industry—8.4 percent. These facts may be clearly seen from Table 33, which shows

TABLE 33

AGGREGATE VALUE OF INDUSTRIAL PRODUCTION OF LITHUANIA 1937–39

(*In Thousands of Litas*)

INDUSTRY	1937	1938	1939
Peat-cutting	1,277	1,873	2,932
Stone, clay products, etc.	7,012	9,097	9,389
Metals and machinery	19,298	24,661	23,378
Chemicals	13,939	16,529	20,734
Leather and fur	17,245	16,684	14,306
Textiles	35,656	40,331	40,331
Timber	15,847	16,865	14,341
Paper and printing	17,807	17,543	17,630
Food and luxury goods	151,569	175,470	223,424
Clothing and footwear	20,762	23,658	26,696
Electrical works	10,672	11,738	12,588
TOTAL	311,084	354,449	405,749

that the value of total production in 1939 was 405,749,000 litas against 354,449,000 litas in 1938 and 311,084,000 litas in 1937.

The growth of the industrial production of Lithuania was not even impaired by the world depression of 1929. While world production in 1931 and 1932 had fallen to the lowest ebb, production in Lithuania showed further expansion. Several reasons may be given in explanation of this phenomenon.

438
651 First, Lithuania exercises a specific customs duties system, which is an advantage to home industry during a period of

3 S Simutis S-4 (no date) 1942 RBS Lithuanians RBS

TABLE 34

INDUSTRIAL PRODUCTION INDEX OF LITHUANIA AND THE WORLD 1929–39

YEAR	PRODUCTION OF LITHUANIA [a]	WORLD PRODUCTION [b]
1929	100	100
1930	108.3	88.3
1931	140.7	74.8
1932	153.7	63.0
1933	([d])	71.3
1934	166.5	77.0
1935	185.9	85.4
1936	244.2	95.5
1937	272.0	102.5
1938	309.4	125.8 [c]
1939	354.2	128.7

[a] *Report*, p. 20.
[b] League of Nations, *Monthly Bulletin of Statistics*, Geneva, June, 1938.
[c] *Ibid., Statistical Year-Book 1939–40.*
[d] Figure not available.

falling prices in the world market, especially when the duties are high as compared with the prices of commodities. Customs duties do not fall in proportion to the fall of prices in the world market, as would be the case under the ad valorem duties system. Thus, home industry benefited from the fall of raw-material prices and was able to supply the home market with cheaper commodities than could be offered by the foreign producers for whose products the customs duties were not lowered to suit the decreased prices. This is proved even by the great decrease in the value of imports, which in 1935 amounted to only 128,597,000 litas, as against 142,176,200 litas in 1933 and 312,415,200 in 1930.

Second, it is to be noted that the index of industrial pro-

3: Simutis S-4 (no date) 1942 RBS Lithuanians RBS

152 considerable, the 1938 figures being more than double those of 1923.[10]

152 The greater part of government income is received from
151 indirect taxes, comprising excises, state monopolies, and customs duties. This group in 1936 yielded 22.59 percent of the total revenue; in 1937, 25.74 percent; and in 1938, 24.24 percent. Next in importance is the yield of government enterprises, comprising the revenue from post, telegraph, telephone, railways, and mixed enterprises in which the government has interest. Revenue from this group in 1936 accounted for 16.04 percent; in 1937, 15.60 percent; and in 1938, 14.76 percent. The third source of income according to percentage of the total revenue, is direct taxation, which in 1938 accounted for 14.38 percent.

152 In expenditures, the highest percentage goes to the Ministry of Defence, which in 1938 accounted for 23.24 percent of the total expenses. Second place falls to the Ministry of Communication, which in 1938 used 19.79 percent of total expenditures. Third place is held by the Ministry of Education, with 16.01 percent. Then follow the Ministry of Agriculture with 13.86 percent, the Ministry of Finance with 11.30 percent, and the Ministry of Interior with 8.70 percent.[11]

PUBLIC DEBT

The public debt of Lithuania is comparatively small; it is less than that of either of the other Baltic states, amounting at the end of 1937 to 47 litas per capita, while Latvia's was 80 litas and Estonia's 180 litas per capita.[12]

The debts of Lithuania may be divided into two groups:

[10] *Lietuvos Banko Biuletenis No. 46*, Kaunas, 1939, p. 8.
[11] C.S.B., 1938, pp. 315–19.
[12] Report of C.C.I.C., *Ten Years of Lithuanian Economy*, 1938, p. 146.

Station masters—Con.	Lits per month
Third class	380. 00
Fourth class	340. 00
Fifth class	300. 00
Signalmen	200. 00

Baggage agents:	Lits per month
First class	300. 00
Second class	280. 00
Third class	240. 00
Unskilled workers	[1] 4. 50–6. 00

[1] Per day

Monthly wages paid to Kaunas municipal autobus employees are given below. Wages in the Provinces are 10 to 15 percent lower.

	Lits per month
Drivers	250. 00–270. 00
Conductors	210. 00–230. 00
Mechanics:	
First class	300. 00
Second class	260. 00
Third class	200. 00

The figures below show the wages per hour of specified classes of skilled workmen in the building trades throughout Lithuania:

	Lits per hour
Bricklayers, first class	1.50
Bricklayers, second class	1.40
Electricians, ironmongers, and carpenters	1.60–1.70

An unskilled male laborer receives from 5.00 lits to 6.00 lits per day and a female laborer, from 3.00 lits to 4.00 lits per day.

The following wages and salaries are paid to skilled workers in the printing and publishing trades:

	Lits per month
Linotypists	350–550
Engravers	350
Assistant engravers	300
Managers, printing room	275
Compositors	250

	Lits per day
Mechanics	9
Stereotypists	9
Stone polishers	5
Bookbinders	5

Payment for overtime in general amounts to not less than 25 percent of the basic daily wages, provided the rate has not been set forth in the agreement concluded between the employer and employees.

No allowances for dependents or payments in kind are made in Lithuania, except in the case of farm labor. Free housing is given sometimes to watchmen and to one or two skilled indispensable workmen in industrial enterprises. Every laborer after having worked 1 year under agreement is entitled to 12 days' holiday with pay.

In conformity with an amendment to the income-tax law enacted October 9, 1935, a tax on earnings has to be paid by all persons except State employees. This tax varies from 2.00 lits for workmen, either single or married, earning from 101 lits to 130 lits per month, to 53.40 lits for single workers earning from 591 lits to 600 lits. The rates are considerably lower for married persons with a family, the reduction from the single rate amounting to as high as 50 percent where the family consists of 7 or more persons. The income tax for

4: Kubilitsky G-4, 5 (no date) 1939 RB5 Lithuanians RB5

651 individuals residing in the rural parts of the country is slightly higher, due to the lower standard of living.

745 An employees' sickness-insurance fund was created in 1928 to
466 provide for medical treatment, especially of the poorer classes. Mem-
456 bership in this organization is compulsory for all workers and employees, except farm laborers and State employees. Monthly contributions, equal in amount, are made by both the employer and the employee, according to wage classes, of which there are six. For wage class I (daily wage, 4 lits; weekly wage, 24 lits; and monthly wage, 100 lits) the monthly payment to the sick fund is 5.40 lits. The payments for each wage class are progressively higher, until for class VI (daily wage, 12.01 lits and over; weekly wage, 73 lits and over; and monthly wage, 301 lits and over) the payment to the sick fund is 21.60 lits. The maximum benefit allowed ranges from 3 lits for wage class I to 14 lits for wage class VI.

An additional amount (10 percent of the monthly payments made to the sick fund) is contributed in equal shares by the employer and the employee to the Labor Chamber.

647 All State employees contribute 6 percent of their wages to a pension
456 fund. Furthermore, from 4.5 percent to 18.73 percent of the wages of
745 a married State employee are deducted for the special fund created to balance the budget, the deduction of a single employee varing between 11.7 percent to 24.53 percent. These deductions apply to State employees residing in Kaunas, Klaipeda, the Klaipeda Territory, and abroad. The deductions made from wages of State employees residing in the rural parts of the country vary from 9.5 percent to 23.73 percent for married, and from 15.3 percent to 29.53 percent for single persons. These rates became effective on April 1, 1937.

651 Tax deductions from wages amount to 10 percent; however, a
465 certain amount is exempt from taxation. In the case of a single worker the exemption applies to all wages under 36.50 lits per week. Ten percent of the amount exceeding 36.50 lits per week is subject to taxation and is determined in accordance with the family status of the worker. The result of this, in practice, is that married workers with one child do not pay taxes.

456 Contributions for social, sickness, accident, old-age, and disability insurance amount in all to 9 percent, 4½ percent of which are paid by the employer and the remaining 4½ percent by the worker.

From this comparison it can be seen that the machine-manufactured flax to-day constitutes only a small part of the total exported quantity, i. e. that flax manufactured by the farmers forms the greatest portion. Nevertheless the industrial production shows a relatively more stable course (with the exception of 1934) than the rural supply. 248 433

The production of the textile industry proper has since 1931 on an average quadrupled. A much more powerful development therein is shown by silk-weaving, which in 1937 produced in round figures twenty times as many silk fabrics as in 1931, owing to the fact that it forms the youngest branch of our textile industry and was founded exactly in 1931. 288 433

The growth of the textile industry was undoubtedly promoted by the tariff policy (increase of the Customs duty on cotton fabrics in October, 1931, and again in April, 1932, on woollen and cotton fabrics) as also by the licence system (the import of woollen fabrics has been subject to licence since the introduction of the licence system, i. e. since December, 1932; that of cotton and silk yarns since August, 1934). This found expression in the sharp decline in 1932 of the imports of ready-made fabrics by half in round figures of the earlier imported quantity. The textile industry undoubtedly represents, concurrently with the production of knitted goods, the Lithuanian industrial branch best protected by tariff policy, which also explains its rapid growth and the concentration of large-scale undertakings in this branch. Notwithstanding this indisputable fact, it must none the less be recognized that, on the one hand, tariff protection is not equally apportioned (thus, for example, the duties on silk fabrics actually on an average amount to approximately 200% **ad valorem**; on cotton fabrics over 60%; and on linen fabrics only 25%), and that, on the other hand, the high duties on yarns (especially on artificial silk yarn) partially equalize the advantage of the high duties on ready-made fabrics. 439 651

3. The Timber Industry

To the timber industry, which may be designated the third most important industrial branch of Lithuania, accrued in 1937 16.9% of all the workers employed in the medium and wholesale manufacturing industry; 10.5% of the engine horse-power; 313 433

295 439 [651] The development of the woven goods and footwear industry was successfully promoted by the tariff policy, i. e. especially by the Laws of October 1931 and August 1934. The woven goods production to-day entirely covers the demand of the home market, and on that account also the imports of foreign goods, which in 1928 still represented 178.3 tons, by 1937 had sunk to only 7.3 tons. The imports of leather footwear, thanks to the consolidation of native production, have also declined, although not by a long way to the same extent. In 1928, they amounted to 86.1 tons; in 1937, on the other hand, to 19.4 tons.

4. The Metal and Machinery Industry.

392 433 [464] The number of workers employed in the metal and machinery industry in 1937 amounted to 2 792 or 8.8% of all the industrial workers of Lithuania. Its share in relation to the total of the engine horse-power amounted to 3.7%; its share in relation to the gross production value to 5.2%; and in relation to the net production value to 6.4%. This industrial branch was in the pre-war Lithuania more highly developed than to-day. In 1913, in the present political territory of Lithuania approximately 4 000 workers were employed in the metal industry. The diminution of the scope of production is due to the curtailment of the outlet for export goods. Nevertheless, during the last two years one can again discern a rapid development tempo.

The comparative figures on the changes in structure since 1927 are shown as follows:

	1927		1931			1937		
	No. of Concerns	No. of Workers	No. of Concerns	No. of Workers	Capacity of Engines in H. P.	No. of Concerns	No. of Workers	Capacity of Engines in H. P.
Total	94	1 895	95	1 863	3 134	103	2 792	4 677
Including:								
Metal Industry	11	547	20	665	2 781	32	1 190	4 271
Machinery Industry and Means of Transport Production	16	528	19	722		14	1 059	
Mechanical Workshops and Sheet Metal Supply	62	772	51	422	353	46	414	406
Electro-Technical Concerns	5	48	5	34		10	109	

6: Anonymous U-4, 5 (no date) 1938 RB5 Lithuanians RB5

A. FOREIGN TRADE

1. Politico-Commercial Review.

● 651 The general tariff regulations are embodied in the Customs Law of July 19, 1924 (Government Gazette No. 164/1, No. 1153), and the Customs duties in the Customs Tariff of April 3, 1925 (Government Gazette 187/1269); the latter especially has been supplemented and amended by numerous later laws.

[648] On the basis of the decision of the Conference of Ministers for Foreign Affairs of the three Baltic States to accept the draft of a uniform Customs Tariff elaborated and recommended by a League of Nations Commission, for the purpose of unifying the Customs nomenclature in Lithuania, Latvia, and Estonia, a new Customs Tariff will shortly also be introduced in Lithuania. The preliminary work is already in progress, and a new Lithuanian Customs Tariff will at latest at the beginning of 1940 come into force.

The Lithuanian Customs Tariff recognizes only specific rates, i. e. the duty is levied on the weight of the goods; only for leather footwear and dressed furs is a limited minimum ad valorem duty provided.

Besides the ordinary Customs Tariff, there are also extraordinary Customs rates, which are increased by 200% and are applied to goods from countries with which Lithuania has no commercial treaties.

With the exception of a few articles (untempered iron, round timber, raw wool, raw cotton, artificial fertilizers, agricultural machinery) all goods are subject to duty.

The Customs returns form an important source of State finance, and their share in the total revenues of the Treasury

651 amounts on an average to 18—19%, whereas all direct taxes, which are paid by commercial undertakings, i. e. the Patent and Profit Taxes altogether attain scarcely more than 2% of the State revenue.

Through this connexion is explained also the finance-customs character of the levies of the Lithuanian Tariff. The majority of the numerous increases of duties, which during the crisis years, chiefly 1931—1934, were enforced, pursued manifestly the object of making good the falling-off in Customs receipts caused by the decrease in imports. Whereas in 1928 the Customs yield represented 20% of the value of the total imports, in recent years it has reached nearly 32%, which was occasioned alike by the decline of prices (under duties on weight the real value of the duty rises when the price of the goods declines) and the raising of the levies.

Among the more important tariff increases with a protectionist tendency during the last ten years should be mentioned:

(a) Increase of duties on leather footwear, cotton fabrics, and knitted goods - the last-named almost doubled - on October 14, 1931 (Government Gazette 365/2487);

(b) Increase of duties on wool and cotton fabrics, on April 11, 1932 (Government Gazette, 385/2654);

(c) Increase of duties on rubber footwear and paper, on May 29, 1933 (Government Gazette, 414/2863);

(d) Increase of duties on paper and knitted goods, on August 14, 1934 (Government Gazette, 453/3160).

The above-mentioned tariff increases pursued chiefly the aim of affording protection to the young home industrial branches of textiles, paper, and rubber wares, which, as is shown further on, has manifested itself in the reduction of the imports of the corresponding articles.

In connexion with the present-day economic upward trend, which has set in especially since 1936 in Lithuania, a tendency to alleviate many rigours of the Customs burden has latterly become noteworthy. To this sphere belong the two following Customs measures:

(a) The lessening, introduced in the interests of the motorization of the country, of the Customs duties on motor-cars, parts and tyres thereof, and duty-free admission of chassis, as from January 28, 1937 (Government Gazette, 566/3926);

(υ) Introduction of reduced seasonal duties on tropical fruits for the period from January 1 to June 1, on November 30, 1937 (Government Gazette, 592/4130).

Concurrently with the import duties, on many goods that are subject to export control, in case they are exported not in the prescribed packing or do not conform to the contemplated standard of quality, the export duties are raised and their export is not permitted respectively. The sole object of these measures is to support the fulfilment of standardization and to improve the quality of our export goods. Subject to export control are: Butter, eggs, meat, seeds, potatoes, apples, flax, linseed, casings, bristles, and crayfish.

At the end of 1932, Lithuania was also obliged, in the wake of the import restrictions imposed by other countries, to place her imports under State control. This was effected through the Law of December 22, 1932 (Government Gazette, 401/2751) on the introduction of a licence system, first of all only for the import of 11 articles, i. e. sugar, salt, phosphates, iron, steel, tin, coal, cement, cotton threads and yarn, paper, cardboard, and woollen fabrics. This list of goods subject to licence was appreciably extended by later laws, chiefly by the Law of August 4, 1934 (Government Gazette, 453/3161), whereby the number of articles was increased to 46 and among them knitted goods and cotton fabrics were included; by the Law of February 6, 1935 (Government Gazette, 468/3282), and by the Law of February 15, 1936 (Government Gazette, 523/3631), so that to-day of the 216 articles of the Customs Tariff 134, but actually approximately 85% of the effective imports are subject to licence.

The introduction of the licence system in Lithuania had in view not by any means the stifling of import; it resulted rather only from regard to the structure of the trade-balance. Before the last economic crisis, i. e. at the time when world trade was still not subject to any import and currency restrictions, the question of trade-balances with individual countries played no great rôle because it was easily possible by means of an export surplus achieved with certain countries to equalize an import surplus recorded in trade with others. Ever since, however, foreign trade began to develop chiefly along compensation and accounting lines, the transference of balances has encountered difficulties. Thus in 1932, viz., the last year

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18. **Czecho-Slovakia:**

Commercial Agreement of April 27, 1923, ratified on October 26, 1923 (Government Gazette, 144/1030).

19. **Hungary:**

(a) Commercial and Navigation Treaty of May 16, 1929, ratified on November 12, 1929 (Government Gazette, 314/2118).

(b) Accounting Agreement of November 12, 1937, ratified on December 30, 1937 (Government Gazette, 597/4170).

20. **U. S. S. R.:**

(a) Arrangement on the reciprocal granting of most-favoured-nation treatment, of September 24, 1928 (Government Gazette, 285/1848).

(b) Protocol and Exchange of Notes on the legal status of commercial representatives of the U. S. S. R. in Lithuania and on the reciprocal transit communication of August 29, 1931, ratified on September 20, 1931 (Government Gazette, 306/2499).

21. **United States of America:**

Commercial Agreement of December 23, 1925, ratified on March 24, 1926, in force since July 10, 1926 (Government Gazette, 231/1496).

Trade negotiations are at present proceeding with several other nations, including Turkey, the Argentine, and latterly with Poland.

As regards the contents of the above enumerated agreements, it should be noted that they all without exception contain the most-favoured-nation clause. Nevertheless the most-favoured-nation treatment which, on the part of Lithuania, is assured to the other countries, does not extend to the concessions which Lithuania grants to both the other Baltic States, i. e. Latvia and Estonia.

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Reduced treaty Customs duties have been arranged only with Latvia, Estonia, France, and Great Britain.

The overwhelming majority of the commercial agreements quoted in the above list were concluded during the last ten years. An impetus to accelerated conclusion of commercial

1932	21 505	149	3 248	13 096	4 441	571	16 493	493
1933	20 793	127	2 894	12 482	4 828	462	15 503	
1934	20 177	115	2 629	12 106	4 851	476	14 830	
1935	21 981	110	2 567	11 478	5 745	2 081	14 145	
1936	23 313	105	2 537	11 770	6 497	2 404	14 412	
1937	24 380	120	2 552	12 445	6 793	2 470	15 117	

The figures contained in the first column show for 1937 an appreciably increased total of undertakings in comparison with 1931, but we see that the principal growth, i. e. more than 3 000 concerns, ensued in the years 1935 and 1936. As is known, the Patent Tax for both industry and trade was considerably increased in 1935, the result being that many small traders, who had until then been exempt from the Patent Tax, since 1935 have had to take out a trade licence of the IV. or V. class. This supplementary tax naturally resulted in 1935 and to a great extent also in 1936 in a considerable increase of the total of the trade licences taken out, and solely this circumstance explains the statistical growth of the total figures of commercial undertakings in 1937 over the position of 1931. The figures classified according to corporations show this clearly; only the IV. and V. corporations affected by the supplementary tax since 1935 have appreciably surpassed the level of 1931. [651]

Only the figures concerning the three first corporations afford comparable quantities and only these may therefore be adduced for a description of the contingent development of our home trade. The relevant figures in the last column of the foregoing table show us that the total number of commercial concerns steadily grew until 1931, but from 1932 to 1935 decreased by approximately one-fifth, and during the last two years, especially 1937, has again slightly risen. Although during the period of revival approximately 1 000 new undertakings were promoted, the position of 1927 could not once be reached in 1937; in comparison with 1931 the recession amounted to 13.1%.

The above cited figures relate to all commercial trade-licences, also therefore to the hotel business, credit and insurance companies, &c. It is therefore advisable to examine the statistics on the inner structure of commercial concerns, from which the following data emerge:

rative societies (which, however, in the first place reflect only the constantly growing rôle of the cooperatives in our economic life and therefore do not permit any conclusions on the turnover of the total home-trade) and, finally, the results of an inquiry organized by our Chamber of Commerce.

In the tax statistics contingent postponements during separate years are expressed only in a distorted form, because the tax receipts of each single year, besides the taxes assessed on the basis of the turnover in the previous year, contain also arrears from earlier years. Naturally, therefore, the contingent position of the payment year, and not the assessment year, is conclusive for the payment receipts. Bearing in mind the foregoing objections, the tax statistics none the less provide a certain guide and afford us, in the absence of other sources, a summary over a larger series of years.

According to the reports of the State Control, the tax receipts (without the Memel Territory) from trade from 1930—1936, were as follows (in 1 000 litas):

Year	Total	Patent Tax	Profit Tax
1930	8 182.7	2 458.3	5 724.4
1931	8 231.1	2 250.9	5 980.2
1932	7 901.5	2 306.4	5 595.1
1933	7 027.7	1 894.6	5 133.1
1934	6 357.9	2 014.7	4 343.2
1935	6 662.1	2 026.2	4 635.9
1936	6 852.3	1 997.9	4 854.4

The second column respecting the Patent Tax once more confirms the accuracy of the deductions of the former section in regard to the reduction in the number of undertakings of wholesale and large-scale retail trade, and shows that even the extension of tax liability to hitherto tax-free small enterprises in 1935 could not compensate for the decline in the Patent Tax returns.

The third column respecting the Profit Tax, for the reasons above discussed, may only with reserve be regarded as a substitute reflecting the trade turnover. Nevertheless, for the purpose of comparison of the development tendencies of trade and industry, it can, in the first place, be contrasted with the analogous data on the industry tax receipts; the accuracy of the

651 473 comparison cannot be doubted because equivalent factors are involved. This contrast furnishes the following result:

Profit Tax in 1 000 litas	1930	1931	1932	1933	1934	1935	1936
Industry	2 640.6	2 743.3	2 217.5	2 606.7	2 373.3	2 463.2	3 177.2
Trade	5 724.4	5 980.2	5 595.1	5 133.1	4 343.2	4 635.9	4 854.4

On the basis of the foregoing comparative figures, we may reckon that in comparison with 1930 the taxation capacity of industry in 1936 increased by 20%, whereas simultaneously the Profit Tax returns of trade receded by 15%.

This comparison fully illustrates that the position of trade 439 is much more unfavourable than that of industry, which is 473 chiefly due to three factors:

1. The large share of foreign trade in the total goods turnover (direct export and import can be estimated at approximately 40%, and by adding the turnover between wholesale and retail trade the share exceeds 60%) renders our trade to a greater degree dependent upon the fluctuations of the world trend than is the case with our youthful industry, which works chiefly for the home market.

2. For the same reasons, in the sphere of trade, in connexion with the international shrinkage of import, quotas and compensation agreements, private initiative seems far more hampered than in relation to industry.

3. The vigorous growth of the cooperatives, whose object is as far as possible to eliminate intermediate trade, was bound in the nature of things to aggravate the position of private trade in corresponding branches and thereby force down the total turnover amount.

We shall, it is true, in the further course of our deductions see that the decrease in the trade turnover is only an **ad valorem** one, and that its quantitative scope has even increased. This fact, however, in no way prejudices the validity of what has already been stated, because the proportion between the comparative taxation figures relating to trade and industry is not displaced thereby but remains identical.

651 439 473 In view of the fact that in crisis years, when the amount of the trade turnover sinks, tax assessments for budgetary reasons as a rule are imposed too high, this circumstance must be taken into consideration for the purpose of the index calcu-

lation of the trade turnover on the basis of the tax statistics, and an appropriate clarification effected.

To reinforce this assertion we compare first of all the percentage development of the Profit Tax receipts from 1930—1936 (the tax is valid at times for the preceding year) with the index already calculated in the previous chapter of the ad valorem development of our foreign trade turnover from 1929—1935. We obtain in this manner the two following sets of figures:

	1929	1930	1931	1932	1933	1934	1935
Foreign Trade Turnover..	100.0	101.5	86.6	55.9	47.5	44.9	44.1
Trade Turnover on the basis of tax receipts	100.0	105.5	97.7	89.7	75.9	80.9	84.8

One must bear in mind that the home-trade turnover, especially in respect of commodities of fixed demand (chiefly foodstuffs) which constitute the relatively most important item of the turnover, is far less subject to trend fluctuations than foreign trade. The growth of domestic industrial production must likewise extend the scope of the home-trade turnover. On the other hand, however, one may not forget that the retrogression of our foreign trade turnover is in the first instance due to the fall of prices, and that its quantitative scope, as has been demonstrated in a previous chapter, even in the crisis years remained above the level of 1929. The fall of prices has approximately in the same manner affected the foreign and home-trade turnovers. If therefore the tax receipts correctly reflected the trade turnover, then this would mean, in consideration of the high percentage share of foreign trade, that the home-trade in inland goods already in 1935 had attained a turnover which, in comparison with 1929, was ad valorem one and a half times, and quantitatively three times larger, which, it goes without saying, cannot correspond to reality.

On the basis of reliable estimates, the turnover assessments of the Tax Inspectorate in the crisis years, in relation to the firms with non-public accounting, were fixed too high. Since on the firms with public accounting, for which the tax is assessed according to the actual turnover, approximately one-fifth of the Profit Tax total devolves, the figures for the total receipts since 1932 have had to be cut down a quarter in round figures in order to depict the real total turnover.

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The tax statistics at our disposal relate to the turnover from 1929—1935. According to our estimates the trade turnover in 1936 in comparison with the preceding year rose by 25% and in 1937 by 15%. After the above discussed correction has been made we get the following index figures of the ad valorem development of our total trade turnover:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	106	98	67	57	61	64	80	92

The above index being based upon estimates cannot lay claim to a hundred per cent accuracy, but its final figures are nevertheless assessed rather too high than too low. To its plausibility inter alia testifies the circumstance that it corresponds approximately to the average of the indices of the foreign trade turnover and of the industrial production, taking into consideration the price changes that have ensued since 1929.

The ad valorem recession of the goods turnover sums is not, it goes without saying, synonymous with the quantitative recession. The quantitative scope of our goods turnover has, on the contrary, appreciably increased, as the following volume index, calculated on the strength of the price-index of Lietuvos Bankas, shows:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	122	132	109	105	117	139	174	174

The last index group demonstrates the considerable increase of domestic consumption. Since the volume index of the foreign trade turnover for 1937, calculated in the previous chapter, amounts to only 139.3, this means, if we estimate the share of foreign trade at 40%, that the home trade in domestic commodities has almost doubled from 1929 to 1937, wherein both the rise of home industrial production and the improvement of the standard of living are revealed.

Expressed in absolute figures, according to our estimate, the total trade turnover in the past year (1937) may have reached 900 000 000 litas. The turnover of the Memel Territory is not included in this sum because data are lacking for an estimate in this connexion.

Goods Transport of the Most Important Railway Stations (in 1 000 tons). 496 489

	1929	1931	1935	1936	1937
Memel	473.1	611.5	795.3	831.6	823.3
Kaunas	419.2	492.3	401.8	452.3	513.8
Obeliai	425.4	611.8	260.8	224.9	213.8
Joniškis	149.7	116.6	152.5	139.9	213.0
Pagėgiai	594.5	435.4	119.8	119.4	218.3
Virbalis	274.5	212.6	45.4	69.5	88.7

The recession of the goods turnover of both Lithuanian-German frontier stations, Pagėgiai and Virbalis, in 1935 and 1936, reflects first of all the shrinkage shown in the previous chapter of our foreign trade communication with Germany. Since the normalization of Lithuanian-German commercial relations a revival tendency in the turnover was observable in 1937. Above all, however, we see in the foregoing table the tremendous advance of transport to and from Memel, which is due to the ever-increasing importance of that port in our economic life. The importance of our new line of communication, Telšiai - Kretinga, which was opened in 1932, has already been pointed out. The building of this line, as also the [651] introduction of the reduced goods transport tariff in traffic to and from the port of Memel, whereby a more favourable differential rate was granted, has to a great extent contributed to the increase of railway goods transport via Memel during recent years.

The decline of goods transport via Obeliai, the Lithuanian-Latvian frontier station, over which formerly goods transit between Germany and Russia developed, is to be ascribed to the suspension of transit from Germany via Lithuania since 1931.

2. Memel Port Traffic.

The importance of the port of Memel for Lithuania's 504 economic life appears from the fact that, according to the data of the Customs Statistics, in 1937 via Memel 75.5% of our export trade and 68.2% of our import trade were conveyed.

652 We can determine the structure of the State revenue and
651 the not entirely uniform development of its separate categories on the strength of the following table:

The Structure and Development of the State Revenue from 1928 to 1937 (Million Litas).

	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
1. Direct Taxes	35.2	37.8	41.8	42.6	39.1	40.4	39.2	38.5	44.1	48.7
including:										
(a) Land Tax	16.9	18.1	19.6	19.1	17.1	18.6	18.5	18.2	17.9	18.1
(b) Urban Real Estate Tax	5.0	5.0	6.1	6.7	6.9	6.9	6.5	7.0	8.1	8.6
(c) Patent and Profit Tax (Trade & Industry Tax) ..	9.7	10.1	11.2	11.3	10.5	9.9	9.0	9.5	10.5	13.1
(d) Labour Profit Tax		0.4	0.4	0.6	0.8	1.6	2.5	3.2	4.7	5.6
2. Indirect Taxes	120.5	122.6	134.8	138.5	110.8	94.2	96.5	91.6	98.4	120.0
including:										
(a) Excise	18.2	19.3	17.7	20.6	20.6	20.1	19.5	24.1	19.0	29.6
(b) Monopolies	44.0	41.7	42.4	42.4	32.8	28.1	26.0	25.6	30.0	35.1
(c) Customs Duties ..	58.3	61.5	74.7	75.5	57.4	46.1	53.0	41.9	49.4	55.3
3. Dues	9.6	20.8	20.6	20.1	18.3	17.8	17.1	17.0	19.2	22.1
4. State Undertakings	53.9	64.0	60.4	68.0	50.8	46.0	46.3	45.4	48.6	51.5
5. Properties & Capital	37.6	36.3	33.1	31.0	22.0	22.2	24.5	17.6	26.5	33.7
6. Other Ordinary Revenue	21.8	14.5	11.3	11.7	11.1	7.9	10.2	8.7	9.1	9.4
7. Extraordinary Revenue	41.2	42.5	45.7	28.3	39.9	28.4	28.6	61.0	56.9	44.5

Direct taxes play a relatively small rôle in our Budget, since their share in 1937 amounted to only 14.8% of all State revenue. The principal items consist of indirect taxes and the income from State undertakings. Nevertheless both the share of direct taxes and their relation to indirect taxes are constantly increasing, which proves that our taxation system is ever more and more emancipating itself from the tradition of earlier Russian financial methods and approaching the West European system. The ratio of direct to indirect taxes in the old Russian Empire amounted to 10:59; in independent Lithuania, on the contrary, in 1928 it was already 10:34, and in 1937 only 10:25. In Great Britain the ratio of direct to indirect taxes is only 10:9. Also the share of the total yield of direct taxes in the State revenue has risen during these years: in 1928 it amounted to 11.0%, and in 1937 already to 14.8%.

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The development of receipts from direct taxation is less dependent upon the contingent economic position than, for example, the yield of the State Monopolies. This rigidity is in the first place due to the fact that the Land Tax constitutes the principal item, which is assessed not according to the yield but the number of acres; therefore the fluctuations of the Land Tax receipts, which clearly appear from the table, are to be ascribed to the circumstance that in years of a favourable trend generally taxes are paid more punctually than during a crisis. The Land Tax payments reached their peak in 1930; but the year 1932 first brought about a considerable recession. Following the nadir reached in 1935, the receipts during both last years have again improved, but still remain below the level of 1933 and 1934.

The series of the Urban Real Estate Tax affords an interesting study; its almost uninterrupted upward curve reflects the intensive building activity which during the last two years has greatly increased. The series of the Patent and Profit Tax, which is collected from commercial and industrial undertakings, is wholly adjusted to the course of the economic trend. In the chapter on Home Trade, it has already been demonstrated that the rise of payments in 1937 over the position of 1931 pertains solely to the share of industry, because the yield from trade taxes still remains below the level of 1931.

The increase of the total amount of direct taxes during recent years and therewith also the improvement of their share to a great extent depend upon the introduction of the Labour Profit Tax in 1932, which until that year, known under the style of the Personal Earnings Tax, had been collected merely to a restricted degree, i. e. only from commercial employees. The increase of revenue from 1933 to 1936 is explained by the repeated raising of taxation and the reduction of the cost of living minimum in 1935. The advance in 1937 reflects, on the other hand, the amelioration of the economic situation and particularly the growth of the number of workers and employees.

Indirect taxes constitute the most important item of revenue; they are, it goes without saying, highly dependent upon contingent fluctuations. Their absolute peak level was

reached in 1931, in which year their percentage share was also the highest, viz., 40.7%. The recession in the crisis period was most marked in 1935, i. e. in comparison with 1931 by 46 900 000 litas or a third in round figures. The last two years, but especially 1937, brought about a recovery by 28 400 000 litas. The share in the total revenue that year amounted to 36.4%.

Among indirect taxes the Customs duties are the most productive. In 1937 they alone defrayed 17.4% of all State disbursements. The strikingly sharp decline of Customs receipts in the crisis years (in 1935 by 44.5% in comparison with 1931) and the relatively low present position, notwithstandig the advance during the last two years, are not due to the quantitative curtailment of import (it has, on the contrary, grown) but to the change in their structure. To-day more raw materials are imported, and fewer luxury articles, which naturally are subject to higher duties.

The receipts of the State Monopolies (Spirit, Matches, and Playing Cards) reflect very faithfully on the whole the development of the purchasing power of the population, but their estimate nevertheless necessitates consideration of the circumstance that the price of spirit during the period under review, in sympathy with the course of other commodity prices, decreased. Although therefore the total receipts of the Monopolies in 1937 stand below the level of the years 1930—1931, the actual sales of whisky through the Monopoly retail establishments in 1937 were 121 000 litres or 2.3% higher than in 1931. The recovery of the losses of the crisis period followed only during the last two years, in which the sales in comparison with 1935 grew by 1 275 217 litres or 31.1%, which characterizes the development tempo of the present-day advance.

The figure sequence of the excise receipts is, from the contingent standpoint, largely upset by the circumstance that in 1932, as the consumption of excisable goods began to decline in consequence of the outbreak of the crisis, the domestic production of sugar set in, whereby the decreases of excise dues from beer, tobacco, &c., were more or less equalized. The fluctuations in the receipts of the last three years are explained by the fact that in 1935 a portion of the sugar

11 League of Nations G-4 (no date) 1939 RBG Lithuanians RBG

known as "Lietuvos Cukrus" was founded (the shareholders being the State and sugar-beet-growers), and this centralises all sugar manufacture.

To improve the quality of agricultural produce for export, the Government controls the export of meat (since 1925), butter (since 1927), eggs (since 1927), linseed (since 1925) and flax (since 1926, the control having been further tightened up in 1934). The centralisation of exports of agricultural produce greatly facilitates export control and increases its efficacy.

At the time of the fall in the prices of agricultural produce on foreign markets, the Government, to stimulate supplies for export, fixed minimum prices for the pigs bought by the "Maistas" company, the milk supplied to the dairymen's co-operative societies and cream-separating centres (all the dairymen's co-operative societies in the country are affiliated to the "Pienocentras"), the eggs bought by the "Pienocentras" and the cereals bought by the "Lietūkis". In this way, agricultural prices have been maintained with the co-operation of the three central organisations.

Various measures have been adopted with a view to the reduction of costs of production. As long ago as 1933, the rate of interest on mortgage loans was lowered; the total of the land taxes payable by agriculturists during the years 1935 and 1936 was reduced by 10%. Agriculturists leaving their villages and settling on self-contained undertakings are exempt from Government land taxes for a period of one year (this privilege is enjoyed by all agriculturists who have taken over separate undertakings since 1932). Agriculturists who, having taken over separate undertakings since 1932, are obliged to change their place of residence (and such is the case with more than half of those concerned) receive from the Ministry of Agriculture a stated quantity of wood at 20% of the normal sale price. Under the price-control system introduced in 1935, maximum prices have been fixed for chemical fertilisers, bran, feeding-cakes, petroleum and certain other articles which are of particular importance to agriculture. For the 1938 autumn sowings, the Government (in conjunction with the "Lietūkis") has reduced the price of chemical fertilisers by itself paying the cost of railway transport.

In conclusion, it may be said that, in spite of the agricultural depression which made its appearance some five or six years ago and which has not yet entirely ceased, the Lithuanian agriculturist is at present in a better position than he was before the war; he is better fed and better clothed and has more money to spare for his cultural needs.[1]

[1] A detailed description of the progress made in this sphere and of the activities of the institutions and organisations for the promotion of agriculture is to be found in the work entitled *Agriculture in Lithuania*, by Professor J. Krikščiūnas, published by the Chamber of Agriculture, Kaunas, 1938.